

LETTER OF CREDIT

To the Commissioner:

Date _____

Letter of Credit Number _____

As a duly authorized officer of the _____
(Bank Name, Address and Phone Number)

I, _____ hereby certify that the _____
(Name of Bank Officer) (Fund Name)

has caused this bank to establish an Irrevocable Letter of Credit in favor of the Commissioner of the
Kentucky Department of Insurance in the sum of _____ to
(Amount of Letter of Credit)

provide payment security for the Fund's responsibilities under the Workers' Compensation Laws of the
Commonwealth of Kentucky.

This Irrevocable Letter of Credit is effective immediately and expires at this Office with the close of business on (Date) _____ and available upon presentation of your sight draft(s) drawn on this Bank and under and in compliance with the terms of this Letter of Credit, will be duly honored if presented at this office on or before the expiry date and any automatically extended date. The sight draft shall be signed and dated by the Commissioner of the Department of Insurance and shall include a determination that: (i) the Fund has failed to discharge its responsibilities under the workers' compensation laws of the Commonwealth of Kentucky to pay all financial obligations of the Fund; or (ii) the Commissioner has other legal authority to draw on Letter of Credit funds.

Except as stated herein, this undertaking is not subject to any condition or qualification. The obligation of the Bank under this Letter of Credit shall be the individual obligation of the Bank, in no way contingent upon reimbursement or set-off with respect thereto.

This Letter of Credit shall be deemed automatically extended without amendment for one year from the expiration date hereof, or any future expiration date, unless sixty (60) days prior to an expiration date we shall notify you by certified mail that we elect not to renew this Letter of Credit for any such additional period. Upon receipt of a sixty-day (60) election not to renew, the Department of Insurance is hereby vested with the authority to call in the funds in their entirety as represented by this Letter of Credit.

This Letter of Credit is subject to and governed by the Uniform Customs and Practice for Documentary Credits (1993 Revision) of the International Chamber of Commerce (Publication No. 500). In matters not covered by the UCP, Kentucky Uniform Commercial Code, Article 5 governs to the extent not inconsistent with the UCP.

It is a further condition of this Letter of Credit that if this Letter of Credit expires during any interruptions of the Bank's conduct of business caused by an act of God, riot, civil commotion, insurrections, war or other cause beyond the Bank's control, or by any strike or lockout, the expiry date hereof shall be automatically extended by the period of the interruption, and the Bank hereby specifically agrees to effect payment if this credit is drawn against, within thirty (3) days after the resumption of business.

If any proceedings are initiated with respect to payment or a draw on this Letter of Credit, it is agreed that such proceeding shall be subject to Kentucky courts of law.